V.9, #47

SCIENCE

# FOREIGN AGRICULTURE

November 22, 1971

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## Dock Strikes Hit U.S. Farm Exports

NOV 1971

## French Agricultural Policy

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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This week's cover:

A trainload of U.S. grain heads for the coast. This fall, however, dock strikes tied up all forms of transportation—boxcars, barges, and trucks—with commodities loaded for export shipment but unable to move. Transportation shortages will continue even after the end of the strikes. See story beginning this page.

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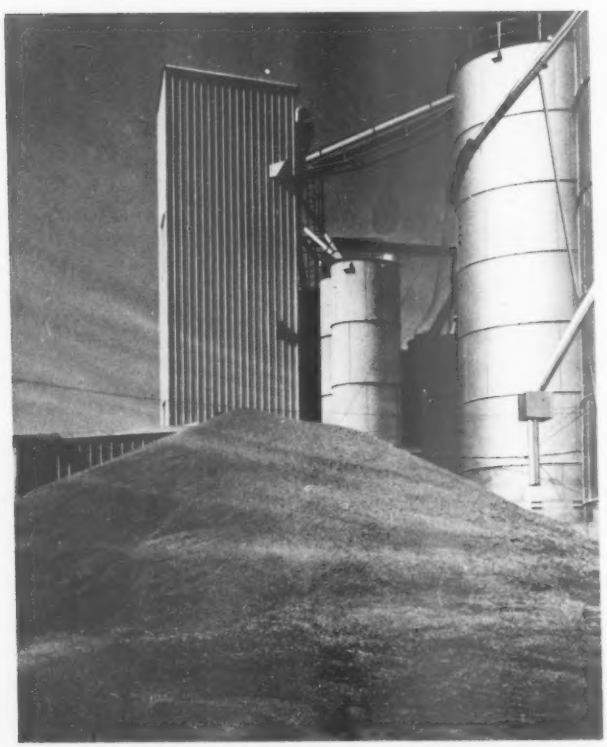
# Dock Strikes Are Ca

# To America's Entire Fa

***"Any disruption of normal marketing channels will reduce farm prices and be reflected in lower farm income and higher Government costs," said Kenneth E. Frick, Administrator, Agricultural Stabilization and Conservation Service, testifying before the Senate Subcommittee on Agricultural Exports, November 5, 1971.***

***"The dock strikes and the threat of new strikes reduce, and in some instances, foreclose on our ability to compete in the international agricultural market. They place in jeopardy an important part of our agricultural income."***

***Excerpts from the testimony follow.***



# e Called Major Threat

# e Farm Marketing System

Farmers are aware that their competitive position is in danger—through no fault of theirs—if they cannot depend on our transportation industries to move their farm products. In world markets, U.S. crops have to compete directly with commodities from other countries . . . and if buyers cannot depend upon getting a dependable quality and quantity of U.S. products, they will buy what they need from others.

This is not only an export problem but a domestic one as well. We know from experience that a strike of this kind will seriously affect domestic transportation needed for internal shipments of agricultural commodities both during the strike and for a period following the strike. All forms of transportation—rail cars, barges, and trucks—are tied up in the temporary storage of commodities loaded for movement to ports. Since these carriers cannot immediately be rerouted to domestic traffic, there follows a prolonged period of severe shortages of rail cars, trucks, and barges—even after the strike has ended.

This transportation and storage problem is especially difficult this year due to the large grain crops. Our marketing system is at present being called upon to handle large additional quantities of grain. Corn production, the largest crop in history, is up 31 percent, sorghum 28 percent, and wheat 18 percent from last year. This increase in production would be hard to handle even under normal conditions, but the situation is critical now because of the uncertain conditions and work stoppages in our nation's ports.

During the October-December quarter we normally ship about 28 percent of our annual exports of agricultural products, $2.2 billion last year. About two-thirds of our exports move out of east and gulf coast ports which are now either closed or under the threat of being closed by strikes. These ports are especially important outlets for major export commodities, including wheat, corn, sorghum, rice, soybeans, soybean meal, cotton, tobacco, and animal products, especially hides and skins.

Closing of these vital arteries would cost the American farmer $100 million per week in export sales. Some of these lost sales would be recovered after the strike, but it is certain that many will be permanently lost. Unusually large supplies of feedgrains, wheat, rice, protein meals, and oils are available from other countries.

Even in our concessional export sales program under Public Law 480 the effect of the strike is severe. While the concessional terms tend to assure that many of these buyers will eventually take the commodities, that is not always the case. A strike that is unduly prolonged creates scheduling and supply problems for recipient countries that can cause them to buy elsewhere. During the 100-day Pacific coast strike, for example, we know of scheduled P.L. 480 shipments of both white wheat and rice that were lost.

Throughout the west coast strike substantial tonnage of P.L. 480 cargo was lying in Pacific ports awaiting shipment. Presumably most of it has moved since the Taft-Hartley action, but the future is uncertain. Normally, approximately 1,800,000 metric tons of agricultural commodities would have been shipped under P.L. 480 during the October-December quarter from the Pacific, gulf, and east coasts, most of it wheat, feedgrains, cotton, and tobacco. This quantity is almost certain to be drastically reduced, contributing to the clogging of transportation channels that is hurting farm marketing conditions and prices.

The west coast stoppage showed in a dramatic way what a dock strike can do to our farmers. On the west coast between July 1 and early October agricultural exports were cut by over $200 million from a year-earlier level. While the west coast accounts for less than 20 percent of our agricultural exports, it is a vital outlet for certain key commodities.

Western wheat growers this year harvested a near-record crop. Transportation and storage facilities from farms to Pacific coast ports are still clogged as a result of the west coast strike. At the peak of harvest about 30 million bushels were on the ground in the Pacific Northwest.

Northwestern wheat is produced largely for export. So, the impact of the strike on those farmers is especially great. During the July-September period last year our sales of wheat and flour off the west coast were 58 million bushels. During the same period this year ,they were less than one million bushels. The bulk of this wheat normally moves to Japan. Since Japan prefers to buy its wheat from west coast ports, those sales were immediately affected.

The Japan Food Agency has just released figures on its purchases of wheat for the April-October period, which includes the 3 months of the west coast stoppage. Purchases during that period totaled 2.8 million metric tons, about the same as last year. The tragedy for the American wheat grower is that last year more than 58 percent of these purchases were U.S. wheat, while this year the percentage has dropped to 42 percent. This is a decline of approximately 15 million bushels worth roughly $25 million. All of that business went to Canada and Australia, our major wheat competitors.

The Japanese are beginning to question the dependability of the United States as a supplier. In recent bilateral discussions with the Japanese, we learned that they are sending missions to other supplying countries to urge increases in output, especially of grains, in order to reduce Japan's dependence on the United States.

We also suffered losses in other agricultural products due to the west coast strike. Rice exports were down from 157,000 metric tons to 35,000 metric tons. Cotton exports were down by 85 percent. Fruits and vegetables were down 55 percent. In addition to losses in sales, we are witnessing a decline in the quality of our products offered for export, and this is directly attributable

(*Continued on page 12*)

*During the west coast dock strike, mountains of just-harvested western wheat waited on the ground for transportation; none was shipped overseas.*

# French Sixth Plan Implies Changes in Agricultural Policy

By FRANK J. PIASON
*Trade Policy Division*
*Foreign Agricultural Service*

France's Sixth Economic Plan, which will direct its economic policy during 1971–75, could lead to changes not only for French agricultural policies, but for the policies of the Common Market as well.

Approved in June by the French Parliament, the sixth plan determines the principal directions of French economic and social development. The plan's agricultural portion reflects the thinking of a broad cross section of the agricultural community—reports by working groups on specific commodities and sectors of the economy, reviews by the Economic and Social Council, and comments by farm organizations.

Since the plan is broadly based and officially sanctioned, it is an important indicator of current French attitudes towards agricultural policy. Such attitudes can be expected to have implications on a national level, as well as in the context of France's membership in the European Community.

The sixth plan's agricultural portion may have significant implications for the Common Agricultural Policy (CAP), which has been of such concern to the European Community's trading partners, especially the United States. The high price support policies of the CAP have resulted in an increase in production self-sufficiency and a further restriction of international trade; however, the CAP has been costly to both consumers and taxpayers. A USDA study showed that the CAP program cost US$14.4 billion in 1967—yet EC farmers' incomes have lagged behind those of workers in the rest of the economy.

The sixth plan suggests two broad objectives for French agriculture during the 1971–75 period: first, that production surpluses be reduced or at least restrained; second, that changes be made in the overall production mix of agricultural products.

In order to bring supply closer to demand, and simultaneously to continue modernization of the national agricultural plant, the plan offers four basic recommendations:

• **Realinement of prices.** During the 1966–70 period, prices of EC grains and beef increased by nearly comparable proportions—20 percent for beef and 16 percent for grains. The sixth plan, however, calls for a greater increase in the price of beef than in that of grain, which would reduce the higher profitability grains currently have over beef.

In addition, the price spread ought to be greater for the same product intended for different uses: for example, between grains used for human and animal consumption. Grain prices which do not reflect the end use favor the production of high-yielding varieties, even if these are not in great demand. Thus, a product's price structure should take into account a concept of quality: for example, grading and protein content of wheat and malting barley.

Changing prices among and within certain commodities will not solve the price problem, since the changes must be brought about slowly to prevent loss of income to certain farmers. This is particularly true in view of the progressive specialization of farms, which is likely to aggravate the current pattern of surpluses and deficits. Since the development of large farms is increasing regularly, the production of grains will probably continue to grow.

• **Incentives and disincentives for production.** The plan calls for selective

EC AND WORLD PRICES FOR SELECTED AGRICULTURAL GOODS

[U.S. dollar value as of Aug. 1, 1971]

| Item | EC price [1] | World price [2] |
|---|---|---|
| | *Dol. per metric ton* | *Dol. per metric ton* |
| Soft wheat | 107.25 | 55.75 |
| Hard wheat | 125.25 | 65.50 |
| Barley | 97.85 | 52.65 |
| Corn | 94.55 | 61.90 |
| Sorghum | 94.43 | 60.50 |
| White sugar | 263.00 | 109.50 |
| Pork | 738.11 | 457.42 |
| Poultry meat (broilers) | 856.70 | 592.60 |
| Beef cattle | 720.00 | 551.90 |
| Milk, powdered | 600.00 | 470.00 |
| Butter | 1,958.00 | 1,090.00 |

[1] Threshold prices, except for pork and poultry, which are gate prices plus basic levies, and for beef cattle, which is the orientation price.

[2] EC prices minus levies (and duties in the case of cattle), except pork and poultry (gate prices minus supplementary levies).

FRENCH AGRICULTURAL PRODUCTION OF SELECTED COMMODITIES

| Commodity | Average 1961-65 | 1968 | 1970 | 1971 [1] |
|---|---|---|---|---|
| | *1,000 metric tons* | *1,000 metric tons* | *1,000 metric tons* | *1,000 metric tons* |
| Grains: | | | | |
| Wheat | 12,495 | 14,985 | 12,922 | 15,067 |
| Barley | 6,594 | 9,139 | 8,009 | 8,888 |
| Oats | 2,583 | 2,528 | 2,070 | 2,918 |
| Corn | 2,760 | 5,390 | 7,475 | 8,026 |
| Meat: | | | | |
| Beef and veal | 1,453 | 1,669 | 1,570 | (2) |
| Pork | 1,232 | 1,339 | 1,250 | (2) |
| Poultry | 503 | 680 | 770 | (2) |
| Other: | | | | |
| Rapeseed | 196 | 458 | 565 | (2) |
| Milk | 25,115 | 30,415 | 29,400 | (2) |
| Sugar beets | 14,391 | 12,969 | 17,928 | (2) |

[1] Estimated, USDA. [2] Not available. *Production Yearbook*, FAO, 1970.

incentives to farmers who accept certain production restraints, which might have the advantage of not directly affecting the price to the consumer and would be more effective since it would benefit the producer directly. Incentives should be given, for example, for development of livestock production—to farmers who agree to avoid the export or premature slaughter of animals and to increase the relative proportion of beef breeds in their herds.

If changes in relative prices do not restrain the development of surpluses, the plan calls for the European Community to institute a system in which producers bear part of the cost of surpluses. Special charges or taxes would require producers to help pay for the absorption of surpluses.

• **Modernization aids.** For some products, such as beef, pork, and poultry, producers need a more efficient production and processing establishment. Beef production, in particular, is still unorganized and undermechanized. The plan urges more Government assistance in buying equipment and improving operations, especially in the form of aid to investment.

• **Contracts with producer organizations.** During 1971–75, the Government will establish a contract policy that will outline agreements between the Government and organizations of producers, specifying the undertaking of each, particularly in relation to Government assistance.

Farmers should undertake real programs of production while accepting disciplines such undertakings imply. This contractual framework allows farmers to derive from their common action the advantages of a better adaptation to the market and a greater power of negotiation with processors and distributors.

During the period of the fifth plan (1966–70), imbalances between national supply and demand for some of the principal agricultural products appeared or were accentuated. There have been surpluses in grains, milk, sugar, rapeseed, and certain fruits, especially apples and pears. In some periods, these surpluses have led to large Government purchases and highly subsidized disposal. At the same time, the EC's levy system has inflated the costs of inputs (grains) of livestock and egg production.

Some commodities in short supply in France, such as Durum wheat, proteins for animal feed, and pork, are partially supplied by intra-Community trade. The European Community as a whole, however, has generally had a considerable surplus of soft wheat and milk and a considerable deficit of beef.

Although French farmers produced enough beef to allow for exports to other EC countries, the European Community was still a net importer of beef. But while the French cattle population has been growing since 1969, it may stabilize over the next 5 years, and France could become a net importer of beef by 1975. At the same time, milk production, which already exceeds demand, could continue to increase if the average milk yield per cow continues to improve—thus assuring continued surpluses.

The problems of production mix in France are illustrated in the tables on page 4. One table compares world prices of selected farm products to those of the European Community, which apply to France. This system of prices under the CAP, isolated for the most part from world prices by the variable levy system, has contributed to the surpluses. The other table shows French production of various farm products.

France's recognition of the need to remedy these production imbalances is not new, but some of the proposals for the next 5 years are rather definite indications of a more determined attitude about attacking the problem. France has nearly 50 percent of the EC's agricultural area, and produces nearly half the grain. Clearly, a French decision to shift priority toward livestock production, even if not extended to the entire European Community, could have important effects on U.S. exports of feedgrains and other grains.

This shift would have a beneficial effect, however, only if grain prices were lowered absolutely, and not just relative to those of beef. Higher beef prices may simply mean that France supplies a larger share of a smaller EC market while third countries are forced to divert their beef exports elsewhere.

# Japan Removes Quota Restrictions While Raising Its Tariff Barriers

Japan announced the liberalization of 25 items or subitems on October 1, thus reducing the number of import items subject to quota restrictions to 40. (Of the 40 remaining items still subject to quota restrictions, 24 are agricultural items.)

In addition, 10 more items will be liberalized at the beginning of 1972, including several agricultural items which have not yet been chosen.

Some of the agricultural items which were liberalized on October 1, and the value of U.S. exports of these items to Japan in 1970, are:

| | *1,000 U.S. dol.* |
|---|---|
| Feeder cattle | .. |
| Slaughter hogs | .. |
| Pork | 8,931 |
| Canned sweet corn | 389 |
| Instant potatoes | 1 |
| Crude peppermint oil | 2,643 |
| Nectar | 15 |
| Candies | 210 |
| Chocolate candies and food products | 762 |
| Biscuits, cookies, and crackers | 287 |

Tariff rates were raised on feeder cattle, pork, and live swine when liberalization of these items was announced. Pork and live swine will be subject to variable levies. The duty on feeder cattle has been increased from free to 150 to 200 percent ad valorem equivalent, depending on weight.

The intent of these tariff increases is to counteract the impact of liberalization on Japan's livestock industry.

In a similar move last June, Japan increased the duty on grapefruit (on a seasonal basis from 20 to 40 percent during December through May) following the liberalization of that item, in order to protect domestic mandarin orange production.

Efforts of U.S. officials to prevent these higher duties have been unsuccessful thus far.

Japan currently maintains a tariff on imports of industrial corn. Since corn starch is used in manufacturing confectionery, the liberalization of sugar may bring pressure on Japan to abolish the tariff quota on industrial corn imports in order to keep Japan's candy industry competitive.

Port of Koper, Yugoslavia, with vegetable oil tanks on shore.

# Yugoslavia May Import Sunflower And Soybean Oils and Soybeans

Yugoslavia—the largest U.S. commercial soybean oil customer in 1970–71—is again expected to be a major importer of sunflower or soybean oil in 1971–72 and may also import soybeans for processing. This conclusion appears justified in spite of an anticipated record or near-record sunflower crop in 1971. Import requirements are based on continuing low stocks and, more importantly, on a recent significant increase in the consumption of edible oils, greatly facilitated by Government subsidies.

Recent official sunflower crop estimates have ranged between 350,000 and 400,000 metric tons. Weather before and during the current harvest has been cool, however, and heavy rains have lowered the quantity and quality of the sunflowerseed crop.

While the 1971 sunflower crop may fall below earlier estimates, it is still likely to remain above the 1970 level of 264,000 tons.

Edible vegetable oil consumption rose to 183,000 tons in calendar 1970 and, based on official data through August 1971, is running well ahead of the previous year and may total over 200,000 tons in calendar 1971. In 1971, imports of edible oil, primarily U.S. soybean oil, are estimated at 120,000 tons. Domestic production of edible oils is estimated at only 68,000 tons, primarily sunflower oil. Domestic consumption is being maintained in 1971 by heavy imports and some further drawdown of stocks.

The Government of Yugoslavia made a difficult decision to maintain edible oil consumption in the face of decreased domestic supplies. The retail price of liquid edible oil—a blend of imported U.S. soybean oil and domestic sunflower oil—ranges between 15 and 20 cents per pound. The Government is absorbing the difference between the cost of edible oil at 24 cents per pound and the retail price, in order to encourage consumption.

Since August 20, 1970, Yugoslavia has banned exports of sunflowerseed and oil. Exports of seed, however, were permitted on sales contracted before the ban. It is estimated that 118,000 tons of sunflowerseed were exported in 1970, including 43,000 tons after the ban; an additional 7,000 tons of sunflowerseed (birdseed varieties) were exported between January and May 1971. Since May 1971, the export ban has reportedly been complete and will remain in effect through the marketing of the 1971 crop, or about September 1972.

In 1971–72, Yugoslavia may again be expected to import the edible oils needed to meet its increased consumption requirements—estimated at 215,000 tons in 1972—and to maintain stocks currently estimated at less than 2 months' consumption. Import requirements of vegetable oil in 1972 will probably range between 50,000 and 75,000 metric tons, depending on the final oil outturn of the 1971 sunflower harvest.

The Government's decision to import sunflower or soybean oil will be influenced by the availability of sunflower oil in Eastern Europe and the USSR and the relative price of soybeans and soybean oil. While sunflower oil is the preferred cooking oil, a price difference in favor of soybean at or near its September-October level of $75 per metric ton would encourage Yugoslavia to import soybean oil again. Not only would this mean lower foreign exchange expenditure, but also reduced domestic subsidy costs.

In addition, Yugoslavia may again be interested in importing about 40,000 metric tons of U.S. soybeans for processing in 1971–72.

The U.S. crude degummed soybean oil imported by Yugoslavia in 1970–71 was processed at 14 refineries scattered throughout the northern and eastern re-

YUGOSLAVIA'S ESTIMATED SUPPLY AND DISTRIBUTION OF EDIBLE VEGETABLE OILS

| Item | 1970 | 1971 | 1972 |
|---|---|---|---|
| | *1,000 metric tons* | *1,000 metric tons* | *1,000 metric tons* |
| Supply: | | | |
| Stocks, Jan. 1 | 40 | 34 | 20 |
| Production | 151 | 68 | 160 |
| Imports | 29 | [1] 120 | 60 |
| Total | 220 | 220 | 240 |
| Distribution: | | | |
| Exports | 3 | 0 | 0 |
| Consumption | 183 | 200 | 215 |
| Stocks, Dec. 31 | 34 | 20 | 25 |
| Total | 220 | 220 | 240 |
| Net change in stocks | −6 | −14 | +5 |

[1] Approximately 100,000 metric tons imported January-September; 20,000 purchased for October imports.

gions of the country. The Government and the oil processors association were pleased with the assistance rendered by the American Soybean Association technician who visited the refineries and advised on processing.

—By GEORGE E. WANAMAKER
*Fats and Oils Division*
*Foreign Agricultural Service*

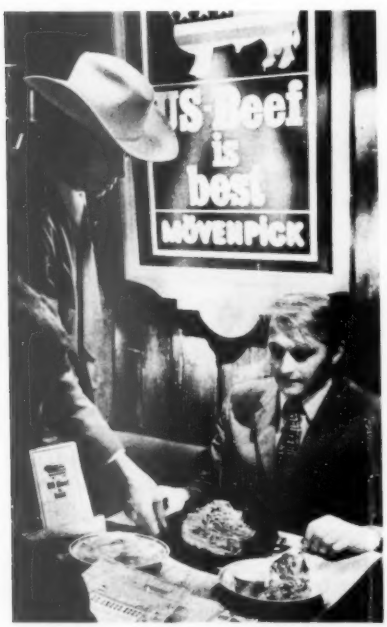
## Swiss Restaurants Feature U.S. Beef

A charcoal grilled steak, a baked potato, and an iceberg lettuce salad—a classic American dinner—were introduced to thousands of Swiss during the Mövenpick restaurant chain's U.S. beef promotion week, August 16–22.

Mövenpick, Switzerland's largest and fastest-growing chain of restaurants, serves over 12,500 meals each day at its 38 establishments.

The promotion, which featured U.S. steaks, boosted Mövenpick's sales of U.S. beef by 93 percent—11,600 pounds were sold during August, compared to less than 6,000 pounds for the previous month.

Mövenpick's management was so pleased with customer response that they planned to use U.S. beef to highlight the opening of three new restaurants to be located in Bern, Geneva, and Munich.



**Balinese peasant with chicken baskets.**

# Indonesia Looks Toward Expansion In Commercial Poultry Farming

Although still small by most standards, Indonesia's poultry industry has taken a sharp jump in the last 2 years. In 1969, according to the best estimates, only 250,000 birds were raised by commercial poultry farmers. Some 70 million ajam kompong—village chickens—were raised by farmers for their own use and for local markets. Now there are 25 to 30 commercial poultry operations and between 2 million and 3 million birds of improved stock, mainly on the Island of Java.

Most of the commercial poultry farms are in the 5,000- to 10,000-bird range. Both layers and broilers are being produced. Eggs, in particular, are beginning to appear in substantial numbers in urban markets, but the number of broilers produced is still too small to have much market impact.

While most of the new poultry farms are a result of local investment, foreign capital is beginning to move in. Indonesia's largest operation at present is a Japanese-Indonesian joint venture with 10,000 parent stock birds. In addition, the Indonesian Government is establishing a production center for day-old chicks with 5,000 parent stock birds. The day-olds will be distributed to village demonstration units throughout Java. A poultry demonstration and training center is also being planned.

For many years investors have been reluctant to invest in or expand poultry operations without a stable source of feeds. On the other hand, there has been an unwillingness to invest in feed mills without a substantial poultry industry to serve. The local poultry industry has now grown to a size where a number of foreign feed mills are considering building plants in Indonesia.

In addition, Indonesia's three new flour mills, the first of which started operations in September, will be producing 375 metric tons of bran and pollard daily by early 1972. Technical advisers of the United Nations, who work closely with the local poultry industry, expect this new source of feedstuffs to trigger a spectacular expansion in commercial poultry farming.

Indonesia is a major regional producer of corn, much of which is used for poultry feed. In 1970 Indonesia harvested 2.4 million tons, compared with 2.3 million tons a year earlier. In 1970 corn area was 7.5 million acres.

The Indonesian Five-Year Development Plan (1970–74) sets an increase target averaging 5.3 percent a year for the period. Because domestic consumption of corn is expected to increase by only 3 percent annually, the targeted increase will permit extensive use of corn for poultry feed and for export.

In 1970, Singapore, Japan, and Hong Kong were major markets for Indonesian corn. Malaysia and several other countries bought less.

—By JEROME M. KUHL
*U.S. Agricultural Attaché, Djakarta*

# U.S. Wheats Can Bolster Iran's Short Grain Supply

By EDWARD F. SEEBORG
*Grain and Feed Division*
*Foreign Agricultural Service*

**Storehouse on stilts protects grain from vermin.**

Drought has seriously cut Iran's domestic wheat output in 1971 and has therefore made imports necessary to insure adequate supplies of the main item in most Iranian diets—bread. U.S. wheats are available and are suitable to Iranian needs.

While Iran's 1971 wheat production is calculated at about 3 million metric tons (compared with 3.8 million in 1970), demand for wheat prior to the 1972 harvest is estimated at between 3.8 million and 4.8 million tons.

Further, there is little possible diversion of wheat from other domestic uses to food. Virtually all wheat raised in Iran already disappears as either human food or seed for the next year's crop. Only small amounts are utilized in manufacturing compound feeds for livestock and poultry.

Import requirements are pegged by Iran's Government officials at about 1.1 million metric tons for July-June 1971–72. About half this amount could be acquired from the United States under existing U.S.-Iran Commodity Credit Corporation credit lines and a Private Trade Entity (P.L. 480) agreement.

However, Australia has in the past few years been the major foreign supplier of wheat to Iran. It is an important source of the type of wheat most often used in the flour for breads popular among Iranian consumers—white wheat.

Could Iranian millers and bakers utilize alternative wheats in producing customers' preferred breads? The answer is yes. Iranians show considerable flexibility in their purchases of various foreign wheat types and colors. For example, Iran recently agreed to purchase 150,000 metric tons of red wheat from Turkey.

The more modern roller mills, which produce about 85 percent of all bread flour in Iran, have sufficient adaptability in their operations to use red wheat as a significant portion of the wheat blend being ground. However, the older, more primitive stone mills are less adaptable, and their owners often have a strong preference for white wheat because they are unused to red wheats.

Probably the single most popular Iranian bread is *sangak,* a thin, long, triangle-shaped bread that gets its shape from being baked on an inclined hearth. Traditionally, flour for baking sangak has been ground by stone mills using mostly white wheats because a light color is desired for the bread. (Stone mills do not separate out bran, which is lighter colored in white than in red wheats.) At present, however, most flour for sangak is actually processed by roller mills, which often go through a special process of custom grinding to produce flour similar to that originally manufactured by stone mills.

In the past, bakers have made frequent adjustments in baking procedures to suit the flours available for sangak and other breads (*barberi, taftoon,* and *lavash,* for example). And customers, patronizing 65,000 to 75,000 small, privately owned and operated bakeries, are used to nonstandardized products and to a wide variety in matters of appearance and taste.

However, the final decision about types, quantities, and origins of wheat Iran will import in 1971–72 lies with the Iranian Government. Specifically, responsibility for wheat imports is held by the Bank of Omran—a private entity—in consultation with officials of several Government ministries.

Bulk imports of grain are possible at only two Iranian ports—Bandar Abbas and Bandar Shahpur, one on each end of the Persian Gulf. Combined unloading capacity for the two ports is about 3,000 metric tons per day, or roughly 100,000 tons a month. Limited silo capacity makes direct transfer of wheat from shipboard to rail cars and trucks a necessity.

In past years the Government-operated railway has been able to move grain arrivals rapidly enough to prevent undue delays to ships. Iran's grain imports in 1971–72, however, are expected to be the largest of record and may severely test Iran's ports and distribution facilities for grain inland.

# CROPS AND MARKETS

## GRAINS, FEEDS, PULSES, AND SEEDS

### Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

| Item | Nov. 17 | Change from previous week | A year ago |
|---|---|---|---|
| | *Dol. per bu.* | *Cents per bu.* | *Dol. per bu.* |
| Wheat: | | | |
| Canadian No. 1 CWRS-14 | 2.00 | −1 | [1] 2.10 |
| USSR SKS-14 | 1.87 | ([2]) | ([2]) |
| Australian FAQ | 1.66 | −1 | 1.96 |
| U.S. No. 2 Dark Northern Spring: | | | |
| 14 percent | 1.88 | −1 | 2.09 |
| 15 percent | ([2]) | ([2]) | 2.13 |
| U.S. No. 2 Hard Winter: | | | |
| 13.5 percent | 1.79 | 0 | 1.98 |
| No. 3 Hard Amber Durum | 1.80 | −3 | 1.97 |
| Argentine | ([2]) | ([2]) | ([2]) |
| U.S. No. 2 Soft Red Winter | 1.77 | 0 | 1.89 |
| Feedgrains: | | | |
| U.S. No. 3 Yellow corn | 1.40 | +3 | 1.73 |
| Argentine Plate corn | 1.53 | 0 | 1.88 |
| U.S. No. 2 sorghum | 1.43 | +2 | 1.63 |
| Argentine-Granifero sorghum | 1.43 | +2 | 1.67 |
| U.S. No. 3 Feed barley | 1.18 | −2 | 1.53 |
| Soybeans: | | | |
| U.S. No. 2 Yellow | 3.37 | −8 | 3.31 |
| EC import levies: | | | |
| Wheat [3] | [4] 1.51 | 0 | 1.27 |
| Corn [5] | [4] 1.02 | 0 | .73 |
| Sorghum [5] | [4] 1.02 | −1 | .72 |

[1] Manitoba No. 2. [2] Not quoted. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. Note: Basis—30- to 60-day delivery.

## SUGAR AND TROPICAL PRODUCTS

### Northeast Brazil To Modernize Sugar Loading Facilities

The Brazilian Sugar and Alcohol Institute (IAA), which began construction of a 200,000-metric-ton automated sugar warehouse in Recife in 1968, now expects that the facility, including equipment, will be ready by September 1972. The total cost is estimated at Cr$36 million (US$6.6 million at the current exchange rate).

Automated operation of the terminal will permit loading of a ship in 24 hours, which will enable the facility to handle almost all of Recife's average annual 600,000 tons of sugar exports. According to the project's chief engineer, the new terminal will require only 7 workers per shift in addition to the maintenance staff. Employment will also be reduced to the extent that shipments from sugar mills to the warehouse are made in bulk rather than bagged.

## COTTON

### Monthly Cotton Export Statistics in New Form

U.S. cotton export statistics for September, usually carried in this issue, have been published in the Foreign Agriculture Cotton Circular Series. This circular, to be issued monthly in the future, is available in single copies from the U.S. Department of Agriculture, Foreign Agricultural Service, Room 5918, South Building, Washington, D.C. 20250. If you are a U.S. resident and wish to be added to the cotton circular mailing list, please send your request to the address above.

## LIVESTOCK AND MEAT PRODUCTS

### U.S. Meat Imports Set Record in September

U.S. imports subject to the Meat Import Law during September 1971 set a new record of 158.6 million pounds, compared with 107.6 million in September 1970. Declared entries for consumption during January-September 1971, at 858.8 million pounds, were 5.8 percent below the 912.1 million pounds imported during January-September 1970.

Larger declared entries from Australia and New Zealand

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW
[P.L. 88-482]

| Imports | September | January-September |
|---|---|---|
| | *Million pounds* | *Million pounds* |
| 1971: | | |
| Subject to Meat Import Law [1] | 158.6 | 858.8 |
| Total beef and veal [2] | 175.5 | 1,004.2 |
| Total red meat [3] | 221.4 | 1,364.8 |
| 1970: | | |
| Subject to Meat Import Law [1] | 107.6 | 912.1 |
| Total beef and veal [2] | 133.9 | 1,033.9 |
| Total red meat [3] | 164.4 | 1,387.6 |
| 1969: | | |
| Subject to Meat Import Law [1] | 121.4 | 855.0 |
| Total beef and veal [2] | 134.2 | 947.1 |
| Total red meat [3] | 171.4 | 1,277.3 |

[1] Fresh, chilled, and frozen beef, veal, mutton, and goat meat, including rejections. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, lamb, mutton, and goat.

accounted for most of the increase and offset smaller entries from such countries as Mexico, Ireland, Costa Rica, Guatemala, and Canada. Imports from Australia totaled 96.8 million pounds. New Zealand followed with 38.1 million pounds, Ireland with 6.2 million, Canada with 6.1 million, Nicaragua with 3.7 million, and Mexico with 3.2 million.

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW[1] BY COUNTRY

| Country of origin | September | | January-September | | Change from 1970, Jan.-Sept. |
|---|---|---|---|---|---|
| | 1970 | 1971 | 1970 | 1971 | |
| | *1,000 pounds* | *1,000 pounds* | *1,000 pounds* | *1,000 pounds* | *Percent* |
| Australia | 59,973 | 96,793 | 462,677 | 396,302 | −14.3 |
| New Zealand | 19,678 | 38,137 | 168,500 | 192,972 | +14.5 |
| Mexico | 5,319 | 3,190 | 63,549 | 62,625 | −1.5 |
| Canada | 6,584 | 6,132 | 57,664 | 58,526 | +1.5 |
| Ireland | 8,315 | 6,209 | 48,057 | 54,106 | +12.6 |
| Costa Rica | 779 | 5 | 27,432 | 31,276 | +14.0 |
| Nicaragua | 3,457 | 3,657 | 33,334 | 26,579 | −20.3 |
| Guatemala | 2,462 | 1,569 | 21,100 | 16,114 | −23.6 |
| Honduras | 84 | 1,113 | 15,510 | 11,945 | −23.0 |
| Dominican Republic | 359 | 925 | 4,865 | 4,216 | −13.3 |
| Panama | 486 | 521 | 5,011 | 1,904 | −62.0 |
| United Kingdom | — | 145 | 3,410 | 1,298 | −61.9 |
| Haiti | 106 | 250 | 986 | 910 | −7.7 |
| Total[2] | 107,602 | 158,646 | 912,095 | 858,774 | −5.8 |

[1] Fresh, frozen, and chilled beef, veal, mutton, and goat meat, including rejections. Excludes canned meat and other prepared or preserved meat products. [2] May not add due to rounding.

## FATS, OILS, AND OILSEEDS

### Circular Gives Export Data On U.S. Oilseeds and Products

Statistics concerning U.S. exports of soybeans, oilcakes and meals, and edible oils for September, which normally appear in this issue, have been published in the Foreign Agriculture Fats and Oils Circular Series. Monthly statistical data will henceforth be published as circulars, available in single copies from FAS, U.S. Department of Agriculture, Room 5918, South Building, Washington, D.C. 20250. U.S. residents who wish to be added to the fats and oils circular mailing list may send their names to the address above.

## DAIRY AND POULTRY

### Egg Prices Slump In United Kingdom

A glut in egg supplies in the United Kingdom in mid-October caused prices to fall sharply on the London Egg Exchange. On October 12, 1971, large eggs were down to 30–35 cents per dozen compared with 36–46 cents a week earlier. Standard eggs were down to 26–31 cents per dozen compared with 31–41 cents for the preceding week. These prices were the lowest since the free market in eggs was begun last April after the operations of the British Egg Marketing Board ended.

These reasons were given for the egg surplus: Birds are being kept longer in lay as insurance against a revival of the fowl pest epidemic to which younger birds are more vulnerable; a large increase in the use of vaccine against Mareks disease has not only reduced mortality but has also increased yields per bird; and several big producers have made significant price cuts which the smaller producers claim are part of a definite campaign to rationalize the industry into the hands of these large-scale producers.

The new Eggs Authority that has replaced the British Egg Marketing Board has certain powers enabling it to intervene when the market is oversupplied. After a meeting of the authority's board on October 12, it was announced that no intervention was to be made, at least for the present. This position is in marked contrast with the situation under the old British Egg Marketing Board system, in which the Board was obliged to take all eggs offered to it.

## FRUITS, NUTS, AND VEGETABLES

### Weather Reduces Iran's Almond Production

The 1971 commercial Iranian almond crop is placed at 7,500 short tons (shelled basis), substantially below last season's large 11,000-ton harvest. Below-normal rainfall and some frost damage are cited as factors contributing to lower production. However, quality is reported to be good with prices well above those of a year ago.

Shelled sweet almonds sold for 66 cents per pound in late September compared with 59 cents per pound a year ago. Exports during the 1970-71 season are placed at 6,900 tons, 47 percent above the previous year's. The USSR is the primary buyer, followed by West Germany and Czechoslovakia.

### Irish Brewers Depend On Imports of Hops

Irish imports of hops during the 1970-71 season are placed at 3.2 million pounds, compared with the 1969-70 level of 2.5 million. The United Kingdom is the leading supplier, closely followed by the United States.

Ireland's brewing industry is heavily dependent upon imports for its supplies of hops and hop extract. At present only 120 acres are planted to hops. Although recent research by the Government-sponsored Agriculture Institute has revealed no horticultural or climatic barrier to hop production, no significant acreage expansion is foreseen. The initial large capital investment required, lack of Government grants, and the difficulty of securing guaranteed buyers are cited as deterrents to expansion.

### Italian Canned Peach And Pear Production

Italy reports a larger canned peach pack, but the same size pear pack as 1970. Total 1971 canned peach production is estimated at 979,800 cases, equivalent 24/2½'s, 18 percent above last year, and canned pear production at 2,988,500 cases. Weather early in the season was favorable, but drought in late June, July, and August kept fruit sizes below normal.

West Germany is the major export market for Italian

canned peaches and canned pears, taking 76 percent of the peach exports and 55 percent of the pear exports in fiscal 1971. Other important markets for canned pears were the United Kingdom, taking 20 percent, and the United States, 5 percent.

ITALIAN PRODUCTION, CANNED PEACHES AND PEARS

| Item | 1967 | 1968 | 1969 | 1970 | 1971 |
|---|---|---|---|---|---|
| | *1,000 cases* | *1,000 cases* | *1,000 cases* | *1,000 cases* | *1,000 cases* |
| Peaches | 867.1 | 1,224.8 | 489.9 | 832.8 | 979.8 |
| Pears | 1,371.8 | 1,763.7 | 2,253.6 | 2,988.5 | 2,988.5 |

## West German Canned Fruit Pack Up in 1970, Nears Record

West Germany reports 1970 canned deciduous fruit production of 3.9 million cases (equivalent 24 No. 2½ cans), 14 percent above the 1969 pack and only slightly below the 1968 record.

Production of canned apples and cherries, the two major items, was larger in 1970, totaling 2.0 million cases and 1.2 million cases, respectively. Reports indicate that 1971 production of fresh deciduous fruit is below last year's. However, industry estimates place the 1971 canned fruit pack at about the same level as in 1970.

WEST GERMAN PRODUCTION OF SELECTED CANNED FRUITS

| Item | 1967 | 1968 | 1969 | 1970 |
|---|---|---|---|---|
| | *1,000 cases*[1] | *1,000 cases*[1] | *1,000 cases*[1] | *1,000 cases*[1] |
| Apples | 1,912 | 1,618 | 1,830 | 2,018 |
| Apricots | 5 | 8 | 5 | 10 |
| Cherries | 726 | 1,032 | 837 | 1,213 |
| Peaches | 12 | 8 | 6 | 8 |
| Pears | 10 | 15 | 17 | 10 |
| Plums and prunes | 364 | 1,481 | 759 | 688 |
| Total | 3,029 | 4,162 | 3,454 | 3,947 |

[1] 45 pounds.

## West Germany Announces Import Tender For Pears

West Germany has announced a tender allowing imports of canned pears from a large list of countries including the United States. Pears must be canned in containers of less than 4.5 kilograms (9.9 lb.).

Applications for import licenses will be accepted until an unannounced value limit is reached, but not later than March 29, 1972. Import licenses that are issued will be valid until March 31, 1972.

## South Africa Produces Large Canned Fruit Pack

Favorable weather contributed to a record 1971 South African canned deciduous fruit pack. Total production is estimated at 8.9 million cases (equivalent 24 No. 2½ cans), 15 percent above 1970's and 17 percent above the 1965–69 average annual production.

Canned peach production is estimated to have reached a record 5.4 million cases, 13 percent above last season's. Packs of pears and apricots were above both last year's and the 1965–69 average, while the fruit cocktail pack continued its upward trend.

Total exports of canned deciduous fruit are forecast to be above those of 1970. Exports during the 6-month period ending April 30, 1971, totaled 2,690,000 cases, 17 percent less than in the same period a year ago. The United Kingdom is the most important export market for South African canned fruit, followed by Continental Europe.

SOUTH AFRICAN CANNED DECIDUOUS FRUIT PRODUCTION

| Item | 1968 | 1969 | 1970 | 1971[1] |
|---|---|---|---|---|
| | *1,000 cases*[2] | *1,000 cases*[2] | *1,000 cases*[2] | *1,000 cases*[2] |
| Peaches | 4,541 | 4,927 | 4,729 | 5,359 |
| Pears | 1,302 | 1,547 | 1,503 | 1,600 |
| Mixed fruit: | | | | |
| Cocktail | 764 | 923 | 969 | 1,054 |
| Salad | 249 | 196 | 192 | 170 |
| Total | 1,013 | 1,119 | 1,161 | 1,224 |
| Apricots | 591 | 669 | 343 | 721 |
| Total | 7,447 | 8,262 | 7,736 | 8,904 |

1 Estimated. [2] Equivalent 24 No. 2½ cans.

# TOBACCO

## Tobacco Trade Statistics Released in New Format

September statistics on U.S. imports of unmanufactured tobacco (for consumption), exports of unmanufactured tobacco, and exports of tobacco products, usually carried in this issue, have been published in the Foreign Agriculture Tobacco Circular Series. Similar statistical data will henceforth be published as circulars, available in single copies from FAS, U.S. Department of Agriculture, Room 5918, South Building, Washington, D.C. 20250. U.S. residents who wish to be added to the tobacco circular mailing list may send their names to the address above.

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FOREIGN AGRICULTURE

# Dock Strikes and Farm Marketing (Continued from page 3)

to the longshoremen's strike.

California alfalfa producers are an example of what can happen to a small but important industry when a dock strike occurs. Exports usually account for about two-thirds of the California output of alfalfa meal. But during the longshoremen's strike, 10 alfalfa meal dehydration plants in California were closed as a direct result. The domestic market was flooded with alfalfa that normally would be dehydrated for exporting. Furthermore, alfalfa pellets and cubes destined for export and held by the strike were exposed to the sun, which reduces carotene content to no more than that of ordinary hay. As a result, their value dropped to $30 per ton compared with the prestrike price of about $50.

In other areas too, the dock strikes have played havoc with our agricultural markets. During September most of the grain port facilities in Chicago were on strike. This was a period when the harvest of soybeans and corn began, a time when all marketing and storage facilities were desperately needed to handle the large incoming crop. Thus, the lack of an outlet for corn and soybeans in Chicago, the major terminal market for this area, became extremely serious.

Grain backed up through the heart of the corn belt, and prices were well below what they otherwise would have been. As an example, the normal spread between Chicago corn December futures and Central Illinois cash prices is about 8 cents per bushel. The differential this year jumped to 18–20 cents. This increased spread in prices reflected the storage and transportation tieup caused by the strikes.

The Chicago strike has important overtones, especially for soybeans and corn, because Chicago is the basing point for prices for both domestic and international trade in these products.

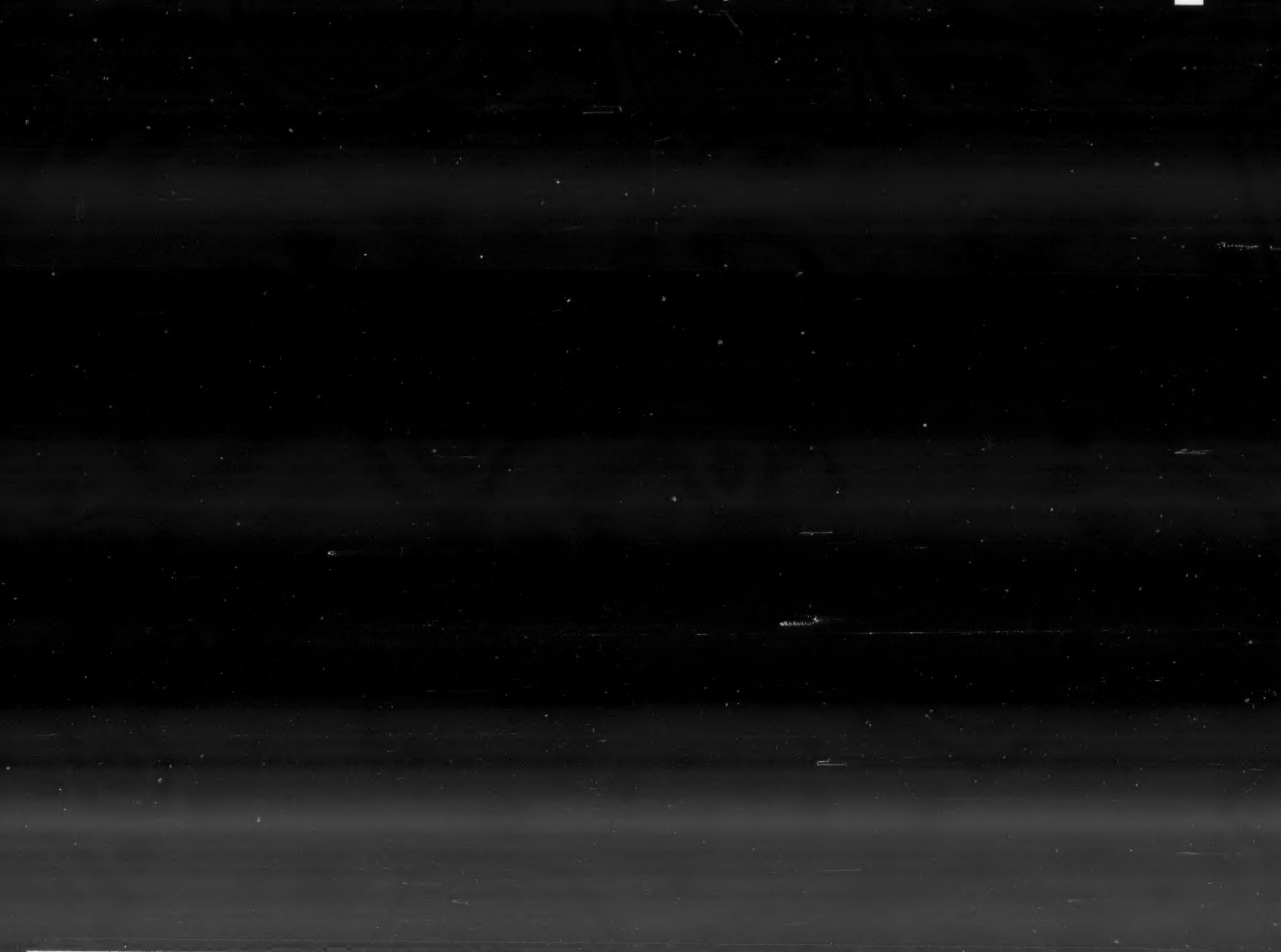
The same problem has been repeated in the gulf. The strike has backed up 800 barges of grain and soybeans in the New Orleans area. Because of the stoppage of barge unloading and the shortage of barges, there has been an increase in grain barge rates from Peoria to New Orleans from 11 cents per bushel in mid-September to 13 cents in mid-October. In that area, the crushing of soybeans for meal and the exporting of oil have come to a virtual standstill. Meal is not easily stored for extended periods and consequently these sales are not being made.

Farther east, we understand that soybean producers in northwestern Florida and Alabama are hard hit by the shutdown of the Port of Mobile. Soybean farmers in those areas have little storage available and are dependent upon sales through Mobile to move their soybean crop.

Soybean farmers have a particular reason to be anxious as they survey the loss of export outlets. Soybeans are the big success story of recent years in the U.S. farm export picture. In this fiscal year, we have been counting on soybeans and products to provide about one-third of all commercial exports of U.S. farm products. But time is an important element.

In general, the most favorable export demand for U.S. soybeans and products will exist during the months immediately ahead. As the season progresses, supplies of both oils and meals from other countries will become increasingly plentiful. Thus, the best potential for U.S. exports of soybeans and products, both in volume and in price levels, is in the early part of the current marketing season.

There are many other segments of our economy which are dependent upon agriculture and which are also suffering economic losses. The small-town businessman who is dependent upon the cash flow from agriculture, the trucker who is dependent upon seasonal business, and many others are sharing the farmers' pain. The dock workers themselves are a vital part of the system and are also dependent for their livelihood on export sales of agricultural products. At a time when we are desperately trying to get our Nation's economic house in order, we all need to work together instead of pulling apart, in order that we may all benefit from a strong economy and a unified nation. It is for this reason that the Department of Agriculture urges an immediate end to the dock strikes and their threat to the agricultural economy.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